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Memorandum

TO: BATA Oversight Committee

DATE: May 5, 2010

FR: Deputy Executive Director

W. I. 1252

RE: Draft FY 2010-11 Toll Bridge Program Operating and Capital Budget

This memorandum presents the draft FY 2010-11 operating and capital budgets for the toll bridge program. Attachment A includes the line detail for the FY 2010-11 budget as compared to the FY 2009-10 revised budget.

FY 2009-10 Toll Traffic

As shown in Table 1, for FY 2009-10 (through March 2010), total traffic is approximately 1.5 percent less than in FY 2008-09 and toll-paid traffic is expected to be about 0.9 percent lower compared to the previous fiscal year. The reduction in traffic can mostly be contributed to the closure of the San Francisco-Oakland Bay Bridge over the Labor Day weekend in September 2010 and the partial closures of the SFOBB due to the eye-bar repairs on the bridge. Table 1 also shows that toll violations in comparison to a year ago, toll violations decreased by approximately 17 percent and carpools use was fairly steady.

Table 1 - Toll Traffic – FY 2008-09 & FY 2009-10 (Through Third Quarter)

| | FY 2008-09 | FY 2009-10 | Percent Change |
|------------------------|-------------------|-------------------|-----------------------|
| Total Vehicles | 93,044,106 | 91,663,504 | -1.5% |
| Toll Paying Vehicles | 83,879,046 | 83,144,761 | -0.90% |
| Carpools/Free Vehicles | 7,548,621 | 7,183,450 | -4.8% |
| Violations (True) | 1,616,439 | 1,335,293 | -17.4% |

FY 2010-11 Draft Budget

Revenue:

For FY 2010-11, staff is proposing total toll revenue collections of \$596 million, which is \$129 million more than revenue estimates for FY 2009-10. The increased revenue estimate is due to the toll increase for the state-owned bridges, schedule for implementation on July 1, 2010. As a result of the toll increase, the FY 2010-11 revenue estimate includes an additional \$114 million in new revenues from 2-axle autos and \$15 million in new revenues from carpools. Pursuant to the adopted Toll Schedule, for FY 2010-11 multi-axle toll rates will remain unchanged. Table 2 shows the proposed FY 2011 revenue estimates by toll program.

Table 2 - FY 2001-11 Estimated Toll Revenues

| | FY 2009-10 Estimated Actual Toll Revenues | Estimated FY 2010-11 Toll Revenues | \$ Difference |
|----------------------|--|---|----------------------|
| RM1 and SRP Revenues | \$355,040,000 | \$484,223,290 | \$129,183,290 |
| RM 2 Revenues | \$112,000,000 | \$112,000,000 | \$0 |
| Total | \$467,040,000 | \$596,223,290 | \$129,183,290 |

Operating Expense:

- For FY 2010-11, the draft budget is estimated to total \$58 million to maintain and operate the bridges, which is about \$2.0 million (-3.5 percent) less than budgeted in FY 2009-10. The major highlights in the operations and maintenance portions of the budget include:
 - The Toll Collections line item for FY 2010-11 is projected to be \$21.6 million, which is about 2.0 percent less than the FY 2010-11 adopted budget. The budget reduction reflects an approximate 5 percent reduction in manual toll collection staffing and assumes some increased overhead and benefits costs. As shown in Table 3, from FY 2008-09 through 2010-11, manual toll collection staffing is proposed to be reduced by almost 50 positions (15 percent) as a result of lane closures and converting lanes to FasTrak[®]-only on the bridges. For FY 2010-11, BATA and Caltrans staffs have identified specific lane closures and conversions for the bridges to be implemented in the next fiscal year and the staff reductions are consistent with those plans. It should be further noted that the planned staffing reductions are proposed to occur through attrition and not require staff lay-offs, which does have an impact on the schedule for the planned staffing reductions.

Table 3 - FY 2010-11 Manual Toll Collections Budget

| | FY 2008-09 Actual | FY 2009-10 Estimated Actual | FY 2009-10 Savings | FY 2010-11 Proposed Budget | FY 2010-11 Savings |
|-------------------------|------------------------------|--|-------------------------------|---|-------------------------------|
| Toll Collection Budgets | \$23,431,644 | \$22,000,000 | (\$1,431,644) | \$21,600,000 | (\$400,000) |
| Toll Collection PYs | 326 | 291 | (35) | 277 | (14) |

- Toll funds pay for Caltrans' bridge structure maintenance (Category A Maintenance) expenses and toll facility maintenance (Category B Maintenance) for the state-owned bridges. Pursuant to state law, BATA pays the Category Maintenance A expenses for all bridges that have completed seismic retrofits. Maintenance activities include bridge painting, electrical services, roadway repair and toll plaza and facility maintenance. For FY 2010-11, staff is proposing a total budget of \$7.9 million for maintenance (Maintenance A and B) activities, which is 22 percent less than the maintenance budget for FY 2009-10. The reduction in the maintenance budget reflects the work load and Caltrans resources available to perform the required maintenance services.

- For FY 2010-11, staff is proposing a total budget of \$16 million for the operation of the FasTrak® Customer Service Center (CSC), which is \$1.0 million more than the adopted budget for FY 2009-10. The added budget for FY 2010-11 is a result of staff's estimate of 120,000 added FasTrak® accounts, as follows:

| | Estimate of FY 2010-11 New FasTrak Accounts |
|---------------------------------------|--|
| On-going Account Growth (6,250/month) | 75,000 |
| Carpool Tolling on Bridges | 30,000 |
| I-680 Express Lanes | 15,000 |
| Total New FasTrak® Accounts | 120,000 |

As shown above, the estimate of new FasTrak® accounts includes an estimated of new accounts opened as a result of the planned I-680 Express Lane, which is expected to begin operation in Fall 2010. Pursuant to the agreement between BATA and the Sunol Corridor Joint Powers Agency (JPA), the JPA will reimburse BATA based on a per transaction basis for BATA providing toll collection and account management for I-680 Express Lane customers. For FY 2010-11, BATA has included an estimate of \$312,000 for expenses and in reimbursement revenues related to the account management for I-680 Express Lanes.

- For FY 2010-11, a total of about \$80 million is budgeted for BATA's Administration costs for the RM 1, SRP, and RM 2 toll bridge programs, which represents a 93 percent increase from the FY 2009-10 budget. Almost all of the increase in BATA's administration costs is due to BATA's finance costs increasing from \$32 million in FY 2009-10 to \$70 million in FY 2010-11 due to the planned \$4.0 billion bond issuance, which was authorized by the Authority in April, 2010.
- Pursuant to BATA Resolution No. 93 (approved by the Authority in April 2010), the Transit Transfers in the FY 2010-11 budget reflect fund transfers from BATA to MTC in the total amount of \$505 million (\$247 million for AB 664 Net Toll Reserves, \$199 million for 90 Percent Rail Reserves, and \$59 million for 2 Percent Net Transit Reserves). In the past, the transfers for these programs were made on an annual basis. Resolution No. 93 authorizes the transfers for these programs to be provided to MTC as a lump sum representing 50 years of annual revenues.
- BATA has operating reserves built into its finance plan of 2.0 times operating costs.

Capital Programs:

Regional Measure 1 Toll Bridge Program

For FY 2010-11, Caltrans has requested a total net allocation of \$7.5 million to fund on-going support for construction oversight of the remaining Regional Measure 1 contracts. There is no change in program budget requested. Based upon BATA's current financial plan, the current forecast for the remainder of the program is fundable. Table 4 below shows the distribution of allocations for FY 2010-11.

Table 4 - FY 2010-11 Regional Measure 1 Capital Support Allocations

| Project | Total FY 2010-11 Support Allocation (millions) | Notes |
|---|--|--|
| New Benicia-Martinez Bridge | \$1.3 | For contract close-out, as-built preparations, and oversight of remaining mitigation and landscaping projects. |
| New Carquinez Bridge and Bayfront Expressway Widening | \$0.3 | For oversight of remaining mitigation and landscaping projects. |
| Interstate 880/State Route 92 Interchange | \$5.9 | Construction oversight support |
| Total | \$7.5 | |

Toll Bridge Seismic Retrofit Program

For the Toll Bridge Seismic Retrofit Program (SRP), at its April meeting, the Toll Bridge Program Oversight Committee (TBPOC) took action to address the long term forecasted need for additional support on the East Span Replacement Project and to set a support budget for FY 2010-11. The TBPOC approved the transfer of \$204 million in program contingency to the East Span Replacement Project for support. This transfer is offset \$65 million in savings on several completed contracts on the East Span Project that were completed with excess budget. The TBPOC also took action to reduce the Antioch Bridge Seismic Retrofit Project budget by \$137 million based on the low bid that was recently awarded and to reduce the SFOBB West Approach Project budget by \$3 million due to completed contracts with excess budget. Based upon BATA's current financial plan, the current forecast for the program is fundable. For FY 2010-11, the TBPOC established a support budget of \$133.1 million for Caltrans on-going construction oversight and design support costs for the San Francisco-Oakland Bay Bridge Retrofit, the Antioch Bridge Retrofit, and Dumbarton Bridge Retrofit Projects.

Table 5 - FY 2010-11 Seismic Retrofit Program Capital Outlay Support Allocations

| Project | Total FY 2010-11 Support Allocation (millions) | Notes |
|--------------------------------|--|---|
| SFOBB East Span Replacement | \$114.4 | Design, construction, and inspection support |
| SFOBB West Approach | \$0.6 | For oversight of remaining mitigation and landscaping projects. |
| Antioch Bridge Retrofit | \$7.2 | Construction oversight support |
| Dumbarton Bridge Retrofit | \$10.9 | Construction oversight support |
| Seismic Retrofit Program Total | \$133.1 | |

Toll Bridge Rehabilitation Program

A ten-year Toll Bridge Rehabilitation Program has been adopted by BATA to maintain the safe and efficient operation of the bridges and associated facilities. BATA and Caltrans staffs are continuing to update the 10-year plan and to evaluate the longer-term rehabilitation needs for the bridges.

Regional Measure 2 Toll Bridge Program

The Authority is requested to amend the RM2 Toll Bridge Program to be consistent with MTC Resolution No. 3801, Revised. There is no net change to the program budget.

AB 1171 Toll Bridge Program

The AB 1171 gave the Authority the authorization to provide toll funding for congestion relief projects in the toll bridge corridors. In September 2008, MTC adopted Resolution 3434, Revised, which directed the AB 1171 funding to congestion relief projects in the toll corridors. This was followed by the Authority's action in June 2009 to program \$80 million to the Doyle Drive Replacement Project, \$16 million for the Transbay Terminal project, and \$27 million for the eBART project. Funds are programmed and budgeted by BATA with final allocations delegated to MTC. Staff proposes for the Authority to program and budget the remainder of the AB 1171 Program. The program is as follows and is consistent with the BATA Plan of Finance presented to the Authority in April.

Recommendation

The draft budget is presented for the Committee's information. Staff will present the final budget for approval in June.

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AF: rmc

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